



0000032471

ORIGINAL

## BEFORE THE ARIZONA CORPORATION COMMISSION

## COMMISSIONERS

2005 OCT -7 P 4:40

JEFF HATCH-MILLER, Chairman  
WILLIAM A. MUNDELL  
MARC SPITZER  
MIKE GLEASON  
KRISTIN K. MAYES

AZ CORP COMMISSION  
DOCUMENT CONTROL

NOTICE OF INTENT TO INCREASE EQUITY  
INTEREST IN ARIZONA PUBLIC SERVICE  
COMPANY UNDER A.A.C. R14-2-803.

DOCKET NO. E-01345A-05-0520

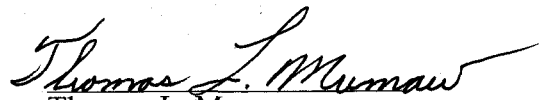
## RESPONSE TO STAFF REPORT

Pursuant to the Arizona Corporation Commission's ("Commission") Procedural Order dated September 16, 2005, Pinnacle West Capital Corporation ("Pinnacle West") and Arizona Public Service Company ("APS" or "Company") hereby submit their response to the Staff Report.

Pinnacle West and APS agree with Staff's recommendation that the proposed reorganization, as that term is defined by A.A.C. R14-2-801 and Decision No. 58063 (November 3, 1992), be approved. They would, however, seek to clarify one aspect of such recommendation. At page 1 of the Staff Report, it is indicated on two occasions that Pinnacle West will infuse all \$450 million of additional equity in APS (including the \$100 million already infused pursuant to Decision No. 58063) during 2005. That is certainly Pinnacle West's intent, but that assumes a closing of the Silverhawk sale in 2005. If such sale were to close in early 2006, Pinnacle West would seek to make the last \$200 million of the proposed equity infusion in that year.

To address this possibility, APS and Pinnacle West would ask that the Commission's order in this matter indicate that the proposed additional equity infusion (additional to that authorized by Decision No. 58063) could be made in either 2005 or 2006. With that clarification, the Company and Pinnacle West urge the Commission to approve the Staff recommendation.

RESPECTFULLY SUBMITTED this 7th day of October, 2005.

  
Thomas L. Mumaw

Attorney for Pinnacle West Capital Corporation  
and Arizona Public Service Company

1 The original and 13 copies of the foregoing were  
2 filed this 7th day of October, 2005 with:

3 Docket Control  
4 Arizona Corporation Commission  
5 1200 West Washington  
6 Phoenix, AZ 85007.

7 Birdie Cobb  
8 Birdie Cobb  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28